



# DEPARTMENT OF NEIGHBORHOOD DEVELOPMENT

THOMAS M. MENINO, MAYOR  
EVELYN FRIEDMAN, CHIEF AND DIRECTOR

April 9, 2010

Robert L. Paquin, Director  
Massachusetts State Office, New England Area  
Office of Community Development & Planning  
Thomas P. O'Neill, Jr. Federal Building  
10 Causeway Street – fifth floor  
Boston, MA 02222-1092

RE: Request for Exception to Homelessness Prevention and Rapid Re-Housing  
Program (HPRP) Conflict of Interest Provisions

Dear Mr. Paquin:

I am writing to request an exception to the HPRP conflict of interest provisions to allow several non-profit organizations to provide HPRP financial assistance to their tenants. We believe that granting this exception will serve to further the purposes of the HPRP program and promote the efficient use of HPRP funds.

In September of 2009, the City of Boston made a \$250,000 award of HPRP funds to Urban Edge Housing Corporation, as the lead applicant to provide homelessness prevention services to tenants at risk of homelessness. Because the CDC partnership owns the developments where the services will be provided to at-risk households and the CDC would be the beneficiary of rent arrearage payments, the Department of Neighborhood Development is requesting a waiver of the of the HPRP conflict of interest provision that that prohibits a Grantee or Sub-Grantee from having a financial interest in or receiving a financial benefit from the HPRP contract.

The Urban Edge HPRP program is a partnership between four Boston-based Community Development Corporations and the Metropolitan Boston Housing Partnership. The four CDC's are Urban Edge Housing Corporation, Allston Brighton Community Development Corporation, Lena Park Community Development Corporation and Codman Square Neighborhood Development Corporation. The program is designed to provide housing stabilization services to tenants at risk of homelessness in the housing developments owned by the four CDC's or their affiliates. Together the four CDC's provide housing to 2,678 households in the Allston Brighton, Jamaica Plain, Roxbury, Mattapan and Dorchester neighborhoods in the City of Boston. MBHP's role in the partnership is to provide more intensive and specialized case management to a subset of tenants served by the Urban Edge partnership. Typically this subset of households may include a household member with a disability or other barriers that may require more



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clinical expertise. MBHP does not own any of the developments discussed in this partnership.

When the Urban Edge partnership proposal was submitted to DND for funding, we were very pleased that CDC community was represented and requested HPRP funding. The CDC community in Boston has long been a major partner in the development of affordable and market rate housing in the City of Boston. CDC's have developed over 8,800 units in the City of Boston. Included in these developments are market rate units and affordable units. The affordable housing units have been developed with a variety of HUD resources including HOME, CDBG and low-income housing tax credits. Affordability standards are set in accordance with the requirements of the funding source and include households with income ranges from 30% AMI to 80% of AMI.

Because the CDC community own and manage so many units in the City of Boston, we believe it is very important for the tenants in these developments to have access to HPRP resources. Additionally, we believe that many tenancies can be preserved and homelessness averted if the CDC community takes a more active role in homelessness prevention and housing stabilization services. Typically, CDC's have resident service coordinators, but too often the number of households assigned to the resident service coordinators is so high it is virtually impossible to provide quality case management to at-risk households. The Urban Edge partnership HPRP program allows staff at the CDC's to identify at risk households very early, as soon as they miss the first rent payment and provide them with case management services. We believe that this program model will encourage at-risk tenants to disclose the circumstances that have put them at risk of homelessness and seek help immediately from the CDC management and resident coordinator staff in order to prevent arrearages from accumulating and prevent those households from losing their housing and becoming homeless. If this model is successful, we would hope to learn from these efforts and in the future attempt to replicate the service model in other CDC developments outside of the partnership.

Tenants in CDC-owned properties may face an undue hardship if a waiver is not granted in that these tenants may face higher rent arrearages or become closer to becoming homeless if the CDC staff does not serve them. These tenants may eventually find their way to other agencies that provide HPRP resources but in that time, the rent or utility arrearages will be larger and the case more difficult to resolve. One of the key components of this program is to build trust with tenants and identify problems early on while they are easier to resolve.

It is important to note that Boston's HPRP program funds a number of agencies but only one agency, MBHP, manages the financial assistance part of the program. All of the

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allocated financial assistance as submitted in the HPRP Substantial Amendment (\$4,469,216) is administered through a contract with MBHP.

All of the thirteen City of Boston HPRP agencies determine whether a household is eligible for the City of Boston's HPRP program. All of those households receive case management services but certainly not all of those households receive financial assistance. If it determined that a household should receive financial assistance, then a referral is made to MBHP. MBHP reviews the financial assistance application and the accompanying documentation. If the application is complete and the required documentation is attached, MBHP will issue a check to the property owner. At no time during this process, does a CDC employee provide direct financial assistance to the CDC ownership entity.

All of the costs associated with the Urban Edge Partnership grant are for housing stabilization case managers and the costs associated with providing those services. The partnership anticipates serving approximately 60 households. The grant term is for three years and the compensation for the Urban Edge Partnership is as follows:

Urban Edge Housing Corporation	\$68,559
Allston Brighton CDC	\$28,942
Lena Park CDC	\$28,145
Codman Square NDC	\$26,335
MBHP (not a property owner)	\$98,019
Total grant	\$250,000

To summarize we are confident that HUD will review this request favorably for the following reasons:

- CDC's play such an integral role in the development and management of housing in Boston and it would be unfortunate if they could not provide the crucial services to at-risk households in their portfolio's
  - Tenants in CDC properties could be at a disadvantage by not having access to those services in the most efficient way.
  - The CDC's in the partnership are not issuing checks for rental arrearages, rental assistance or any other financial assistance. MBHP is issuing checks for financial assistance.
  - The direct contracted compensation for case management staff to the CDC's over a three-year period is minimal. Urban Edge is slated to receive a little over \$22,000 per year and the other three CDC's on average are slated to receive a little more than \$9,000 annually. The \$250,000 allocated to the Urban Edge partnership represents only 3% of the City of Boston's \$8.2 million dollar HPRP grant.
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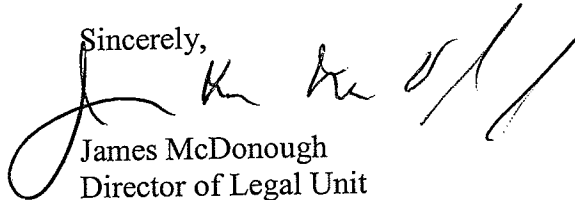
- The potential direct financial benefit to the CDC 's is minimal. If 60 households are served through the partnership and all receive financial assistance as projected, each CDC will serve 15 households over a three-year period or 5 per year. The estimated benefit to each CDC is approximately \$30,000 over the three-year period.
- We believe that the amount of financial assistance that would have to be provided to these tenants for arrearages will be much higher if the CDC staff are not able to intervene directly at the first missed rent payment.

The Department of Neighborhood Development has agreed that public disclosure will consist of a notice posted on the department's public website, disclosure at a public meeting of the department's governing body, the Public Facilities Commission and, upon approval of the waiver, will file a notice with the City Clerk.

Lastly, it is the opinion of the grantee's attorney that the interest for which the exception is sought would not violate state or local law.

I respectfully request your expeditious consideration of this request so that we may implement this portion of our HPRP program as soon as possible.

Sincerely,



James McDonough  
Director of Legal Unit

Cc: Elizabeth Doyle, Assistant Director, NHD  
Cleonie Mainville, CPD Rep., HUD  
Laura Schiffer, CPD Rep., HUD  
Theresa Gallagher, Deputy Director, NHD